

South Carolina Board of Economic Advisors

Statement of Estimated State Revenue Impact

Date: May 11, 2007

Bill Number: H.B. 3008 as amended by Ways and Means May 9, 2007

Authors: Ballentine, Haskins and Cotty

Committee Requesting Impact: House Ways and Means

Bill Summary

A bill to amend Section [12-37-220](#), as amended, Code of Laws of South Carolina, 1976, relating to property tax exemptions, so as to exempt real property owned by a charitable organization which is not used for the organization's meetings or the organization's tax exempt purposes but which is held for future use by the organization in pursuit of its exempt purposes or which is held by the organization for investment in pursuit of the organization's exempt purposes if this real property while held is not rented or leased for a purpose unrelated to the organization's exempt purposes and the use of the real property does not inure to the benefit of any private stockholder or individual.

REVENUE IMPACT ^{1/}

This bill is not expected to impact State revenues. Local revenues are expected to decrease by an estimated \$400,000 in Fiscal Year 2007-08.

Explanation

Under current law, the property of any religious, charitable, eleemosynary, educational, or literary society, corporation, or other association, when the property is used by it primarily for the holding of its meetings and the conduct of the business of the society, corporation, or association and no profit or benefit therefrom inures to the benefit of any private stockholder or individual is exempt from ad valorem taxes. This bill extends this existing exemption to real property that is held for a future use by the organization or real property held for investment by the organization in sole pursuit of the organization's exempt purposes and while held this real property is not rented or leased for a purpose unrelated to the exempt purposes of the organization and the use of the real property does not inure to the benefit of any private stockholder or individual. Real property donated to an organization that receives this exemption is only allowed this exemption for no more than three consecutive property tax years. Real property purchased by an organization that receives this exemption and is subsequently sold without ever being used for the exempt purpose will be subject to property tax in the year of sale and up to the four preceding years.

/s/ WILLIAM C. GILLESPIE, Ph.D.

William C. Gillespie, Ph.D.
Chief Economist

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^{1/} This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.